



## **Texas Department of Insurance**

### **Division of Workers' Compensation**

Medical Fee Dispute Resolution, MS-48

7551 Metro Center Drive, Suite 100 • Austin, Texas 78744-1645

518-804-4000 telephone • 512-804-4811 fax • [www.tdi.texas.gov](http://www.tdi.texas.gov)

## **MEDICAL FEE DISPUTE RESOLUTION FINDINGS AND DECISION**

### **GENERAL INFORMATION**

#### **Requestor Name and Address**

DENTON REGIONAL MEDICAL CENTER  
10030 N MACARTHUR BLVD STE 100  
IRVING TX 75063-5086

#### **Respondent Name**

TRAVELERS INDEMNITY CO OF CONNECTICUT

#### **Carrier's Austin Representative Box**

Box Number 5

#### **MFDR Tracking Number**

M4-12-0845-01

#### **MFDR Date Received**

November 14, 2011

### **REQUESTOR'S POSITION SUMMARY**

**Requestor's Position Summary:** "Auth # 00023ASK3271 Medically Necessary for 5/31/11 Auth dept refused to FAX Copy of Auth to us and referred us to Janette Broadway, whom we requested a copy of the auth form. Michael Taba received Bone Scan Auth."

**Amount in Dispute:** \$3,767.40

### **RESPONDENT'S POSITION SUMMARY**

**Respondent's Position Summary:** "The Carrier reviewed the preauthorization request and issued an approval of the bone scan on 06-01-2011. . . . Herein, the Provider performed the service on 05-31-2011 before the preauthorization was approved and the Provider notified on 06-01-2011. As the Provider performed the service prior to preauthorization being issued, they did not have preauthorization for the serviced in accordance with Rule 134.600."

**Response Submitted by:** Travelers, 1501 S. Mopac Expressway, Suite A-320, Austin, Texas 78746

### **SUMMARY OF FINDINGS**

Date(s) of Service	Disputed Services	Amount In Dispute	Amount Due
May 31, 2011	Outpatient Hospital Services	\$3,767.40	\$481.06

### **FINDINGS AND DECISION**

This medical fee dispute is decided pursuant to Texas Labor Code §413.031 and all applicable, adopted rules of the Texas Department of Insurance, Division of Workers' Compensation.

#### **Background**

1. 28 Texas Administrative Code §133.307 sets out the procedures for resolving medical fee disputes.
2. 28 Texas Administrative Code §134.403, titled *Hospital Facility Fee Guideline – Outpatient*, sets out the reimbursement guidelines for facility services provided in an outpatient acute care hospital.
3. 28 Texas Administrative Code §134.203, titled *Medical Fee Guideline for Professional Services*, sets out the

reimbursement guidelines for professional medical services.

4. The services in dispute were reduced/denied by the respondent with the following reason codes:
  - UMO6 – 198 - PAYMENT DENIED/REDUCED FOR EXCEEDED PRECERTIFICATION/AUTHORIZATION. BASED ON INFO AVAILABLE AT TIME OF REVIEW, PROCEDURE APPEARS TO HAVE BEEN PERFORMED WITHOUT AUTHORIZATION.

### **Issues**

1. Did the respondent support the insurance carrier's reason for denial of services?
2. Are the disputed services subject to a contractual agreement between the parties to this dispute?
3. What is the applicable rule for determining reimbursement for the disputed services?
4. What is the recommended payment amount for the services in dispute?
5. Is the requestor entitled to reimbursement?

### **Findings**

1. The insurance carrier denied reimbursement for disputed services with reason code UMO6 – “198 - PAYMENT DENIED/REDUCED FOR EXCEEDED PRECERTIFICATION/AUTHORIZATION. BASED ON INFO AVAILABLE AT TIME OF REVIEW, PROCEDURE APPEARS TO HAVE BEEN PERFORMED WITHOUT AUTHORIZATION.” The services in dispute are the facility services involved in performing a diagnostic nuclear imaging procedure provided to the injured worker. The respondent argues that “the Provider performed the service on 05-31-2011 before the preauthorization was approved and the Provider notified on 06-01-2011. As the Provider performed the service prior to preauthorization being issued, they did not have preauthorization for the serviced in accordance with Rule 134.600.” Per 28 Texas Administrative Code §134.600(c), effective May 2, 2006, 31 *Texas Register* 3566, the carrier is liable for all reasonable and necessary medical costs relating to the health care listed in subsection (p) only in the case of an emergency, or when preauthorization was approved prior to providing the healthcare, or when ordered by the Commissioner. Review of §134.600(p) finds that diagnostic nuclear imaging services are not listed as requiring preauthorization. Although §134.600(p)(8) requires preauthorization for repeat individual diagnostic studies, the insurance carrier did not deny the services as a repeat procedure, nor was any documentation presented that a prior individual diagnostic study had been performed. The respondent has not presented any documentation to support that preauthorization was required. The Division therefore concludes that the insurance carrier's denial reason is not supported. The disputed services will be reviewed per applicable Division rules and fee guidelines.
2. Review of the submitted documentation finds no information to support that the disputed services are subject to a contractual agreement between the parties to this dispute.
3. This dispute relates to facility services performed in an outpatient hospital setting with reimbursement subject to the provisions of 28 Texas Administrative Code §134.403, which requires that the reimbursement calculation used for establishing the maximum allowable reimbursement (MAR) shall be the Medicare facility specific amount, including outlier payment amounts, determined by applying the most recently adopted and effective Medicare Outpatient Prospective Payment System (OPPS) reimbursement formula and factors as published annually in the Federal Register with the application of minimal modifications as set forth in the rule. Per §134.403(f)(1), the sum of the Medicare facility specific reimbursement amount and any applicable outlier payment amount shall be multiplied by 200 percent, unless a facility or surgical implant provider requests separate reimbursement of implantables. Review of the submitted documentation finds that separate reimbursement for implantables was not requested.
4. Under the Medicare Outpatient Prospective Payment System (OPPS), each billed service is assigned an Ambulatory Payment Classification (APC) based on the procedure code used, the supporting documentation and the other services that appear on the bill. A payment rate is established for each APC. Depending on the services provided, hospitals may be paid for more than one APC per encounter. Payment for ancillary and supportive items and services, including services that are billed without procedure codes, is packaged into payment for the primary service. A full list of APCs is published annually in the OPPS final rules which are publicly available through the Centers for Medicare and Medicaid Services (CMS) website. Reimbursement for the disputed services is calculated as follows:
  - Procedure code A9561 has a status indicator of N, which denotes packaged items and services with no separate APC payment; payment is packaged into payment for other services, including outliers.
  - Procedure code 78315 has a status indicator of S, which denotes a significant procedure not subject to multiple procedure discounting, paid under OPPS with separate APC payment. This service is classified under APC 0396, which, per OPPS Addendum A, has a payment rate of \$244.70. This amount multiplied by 60% yields an unadjusted labor-related amount of \$146.82. This amount multiplied by the annual wage

index for this facility of 0.9716 yields an adjusted labor-related amount of \$142.65. The non-labor related portion is 40% of the APC rate or \$97.88. The sum of the labor and non-labor related amounts is \$240.53. The cost of this service does not exceed the annual fixed-dollar threshold of \$2,025. The outlier payment amount is \$0. The total APC payment for this service is \$240.53. This amount multiplied by 200% yields a MAR of \$481.06.

5. The total allowable reimbursement for the services in dispute is \$481.06. This amount less the amount previously paid by the insurance carrier of \$0.00 leaves an amount due to the requestor of \$481.06. This amount is recommended.

### **Conclusion**

For the reasons stated above, the Division finds that the requestor has established that additional reimbursement is due. As a result, the amount ordered is \$481.06.

### ***ORDER***

Based upon the documentation submitted by the parties and in accordance with the provisions of Texas Labor Code Sections 413.031 and 413.019 (if applicable), the Division has determined that the requestor is entitled to additional reimbursement for the services involved in this dispute. The Division hereby ORDERS the respondent to remit to the requestor the amount of \$481.06, plus applicable accrued interest per 28 Texas Administrative Code §134.130, due within 30 days of receipt of this order.

### **Authorized Signature**

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Signature	Grayson Richardson Medical Fee Dispute Resolution Officer	October 16, 2011 Date

### ***YOUR RIGHT TO APPEAL***

Either party to this medical fee dispute may appeal this decision by requesting a contested case hearing. A completed **Request for a Medical Contested Case Hearing** (form **DWC045A**) must be received by the DWC Chief Clerk of Proceedings within **twenty** days of your receipt of this decision. A request for hearing should be sent to: Chief Clerk of Proceedings, Texas Department of Insurance, Division of Workers Compensation, P.O. Box 17787, Austin, Texas, 78744. The party seeking review of the MDR decision shall deliver a copy of the request for a hearing to all other parties involved in the dispute at the same time the request is filed with the Division. **Please include a copy of the *Medical Fee Dispute Resolution Findings and Decision* together with any other required information specified in 28 Texas Administrative Code §148.3(c), including a **certificate of service demonstrating that the request has been sent to the other party.****

**Si prefiere hablar con una persona en español acerca de ésta correspondencia, favor de llamar a 512-804-4812.**